

CONFIDENTIAL

25X1A

Mr. [REDACTED]

2 August 1954

Chief, Accounting Branch

Submitted as per your request of 29 July 1954

1. Question: What is the system of recording obligations, their adjustment and liquidation, for major components, field installations, and projects?

Answer: With reference to Question No. 1, (above) you are referred to the copy of "Allotment Ledger Procedure" now in your possession.

2. Question: How effective is the above system? Are there areas or activities for which the recording of obligations and their liquidation or adjustment is not to be done? Why?

Answer: The present system of recording vouchered allotments, obligations and expenditures has proven very effective and conforms with the fiscal and accounting procedures prescribed by the General Accounting Office, the Department of the Treasury and the Bureau of the Budget.

Within the scope of vouchered funds and to the best knowledge of the Accounting Branch there are no areas or activities for which the recording of obligations and their liquidation or adjustment is not accomplished.

3. Question: What prevents funds which are excess to the needs of one activity from being advanced against one allotment but expended for activities covered by another allotment? What means are there for determining this? If detected, what action is taken? How often does this occur?

Answer: The only way that funds which are excess to the needs of one activity or allotment can be used for another activity or allotment, is by the allottee requesting the Budget Division of the Comptroller's Office to decrease one allotment account and to increase the other allotment account where the funds are needed. Upon receipt of an Advice of Allotment from the Budget Division approving such request, the Accounting Branch decreases and increases the balances of the allotment accounts concerned.

Generally speaking, it is the responsibility of the allottee to determine to which allotment account each obligation or expenditure is chargeable and the Accounting Branch does not question such determination unless there is an apparent error.

In the event that the allottee over obligates his allotment and at the time the over obligation is reflected on the accounting records, the Budget Division is immediately notified.

JOB NO. [REDACTED] BOX NO. [REDACTED] FID NO. [REDACTED] DOC NO. [REDACTED] NO CHANGE
IN CLASS/ [REDACTED] /CLASS CHANGED TO: TS SC RET. JUST. 2-2
NEXT REV DATE: 10 REV DATE: 12/80 REVIEWER: 02972 TYPED DOC. 02
NO. PGS: 2 CREATION DATE: [REDACTED] ORG COMP: 38 OF 138 ORG CLASS: M
REV CLASS: [REDACTED] REV COORD: [REDACTED] AUTH: HR 70-3

CONFIDENTIAL

ORIGINAL CLEBY

061790

EXTENDED 6 YRS BY

3010

REASON

Same
3 d (S)

CONFIDENTIAL

The Budget Division will then contact the allottee to determine the cause and take further action for adjustment. Over obligation of an allotment account generally occurs in the third month of a quarter.

4. Question: Are funds advanced under one allotment ever used to finance an activity not yet approved and for which no allotment has been established? How can this be detected? What corrective action is taken?

Answer: Funds advanced under one allotment are never used to finance an activity not yet approved for which no allotment has been established.

In a very few instances obligating documents are received in the Accounting Branch in advance of the formal Advice of Allotment. The recording of such obligating documents is held until receipt of the pertinent Advice of Allotment.

5. Question: What reports are prepared reflecting the periodic status of allotments? What is their content and purpose?

Answer: Allotment reports prepared monthly by the Accounting Branch indicating vouchered fund transactions are as follows:

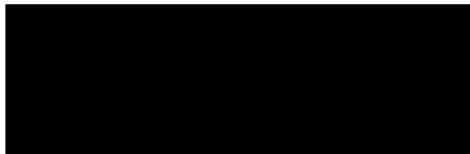
- a. Report of Allotments, Obligations and Expenditures
- b. Report of Obligations and Expenditures by Object classes (including allotment transactions)
- c. General Ledger Trial Balance
- d. A duplicate copy of each allotment account is furnished the allottees during and at the close of each month showing the transactions recorded during that month.

The purpose of these reports is to afford the pertinent allottee(s) and other responsible officers of the Agency detailed and summary information relative to allotment, obligation and expenditure transactions during the current and prior periods.

6. Question: How are obligations established and recorded against allotments?

Answer: Obligations are incurred by authorized personnel in the various segments of the Agency by: (1) means of a request for material and/or services to the Logistics Office who in turn issues obligating media, such as purchase orders, contracts, etc., and (2) agreements with other agencies.

The procedure for the recording of such obligations against the allotments is described in the "Allotment Ledger Procedure" now in your possession.



25X1A

CONFIDENTIAL